Statement

Disinvestment of PSU Shares

No.	No. of companies whose shares were sold	No. of shares sold (in crores)	Amount Realised (Rs. crores)
Year 1991-92			
First Round	30	51.62	1427
Second Round	16	35.59	1611
Total . . .	30	87.21	3038
Year 1992-93			
First Round	8	12.87	681.95
Second Round	12	31.06	1183.83
Third Round	9	1.01	46.73
Total . . .	16	44.94	1912.51
Year 1993-94	6	11.37	2291 (Provisional)

Exhibition of Pakistan Video Cassettes

*32. SHRI SATISH PRADHAN: Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether Government have imposed any restrictions on exhibiting video cassettes made in Pakistan;

(b) whether Censor Board has issued certificates to the video cassettes made in Pakistan;

(c) whether it is a fact that such cassettes are freely available in Delhi; and

(d) whether Government propose to buy exhibition rights for exhibiting the popular Pakistani video cassettes?

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI K. P. SINGH DEO): (a) Under the Cinematograph Act, 1952, only such foreign films, (including video cassettes), as are imported in accordance with the import policy and are duly certified by the Central Board of Film Certification, can be exhibited to the public. Government have not imposed any specific restrictions on the import of video cassettes made in Pakistan.

(b) No, Sir.

(c) Yes, Sir.

(d) So far no such rights have been obtained.

Action against foreign Banks in pursuance to JPC Report

*33. SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:
SHRI RAJNI RANJAN SAHU:

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has taken any steps against

Foreign Banks operating in India in pursuance of the recommendations of the Joint Parliamentary Committee on Securities Scam; and

(b) if so, the details thereof, indicating the specific recommendations in the light of which these steps have been taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) In its report, the Joint Parliamentary Committee to enquire into irregularities in securities and banking transactions had recommended inter alia that special scrutiny may be carried out by the Reserve Bank of India (RBI) in all the foreign banks involved in the recent irregularities and the question of disallowing repatriation of profits through irregular securities transactions and other malpractices be considered. The Committee had also recommended that it was necessary that stringent penalities, including suspension of their licences be imposed on these banks keeping in view the extent of irregularities indulged in by each of them and that legal action should be pursued both in India and the foreign country concerned.

In persuance of these recommendations, the following steps have been taken by Reserve Bank of India.

In 1992-93, RBI had carried out detailed special scrutiny of securities transactions undertaken during April 1991 to June, 1992 by all the foreign banks operating in India. In addition, special audit was conducted of four major foreign banks viz., Citibank, Bank of America, Standard Chartered Bank (SCB) and ANZ Grindlays Bank. The repatriation of profits for 1991-92 of foreign banks which were engaged in irregular securities transactions was withheld. The RBI has also written to all home country regulators of foreign banks involved in irregular securities transactions to look into them vis-a-vis the home country regulations for taking appropriate action.

Licences for opening new branch offices of the above mentioned foreign banks have been withheld by Reserve Bank of India. Foreign banks have also been directed by Reserve Bank of India to fix staff-accountability for the irregularities in securities transactions.

In addition, Reserve Bank of India has issued show cause notices to 20 banks including 9 foreign banks asking them to explain as to why the funds accepted by them under Portfolio Management Services (PMS), and deployed in violation of RBI's instructions, should not be treated as "deposits" for the purpose of determining their Net Demand and Time Liabilities (NDTL) for arriving at the minimum average daily cash balance to be maintained by them with RBI as prescribed under Section 42 of the Reserve Bank of India Act, 1934. Similarly, in the case of banks which had undertaken Ready Forward (RF) deals in PSU bonds and units and also RF deals in Government and other approved securities with non-bank clients, in violation of RBI prohibition in respect of such transactions, RBI has asked the banks as to why the funds obtained under such transactions should not be treated as "borrowings" for the purpose of determining NDTL. Consequently, the minimum average daily balance required to be maintained by these banks would increase and the banks involved may have now to pay back to RBI interest on cash balances already received by them. Also, such banks may be required to pay penal interest for the shortfall in cash balances. The aggregate amount of interest that may be recovered as well as the penal interest which may be levied amounts to about Rs. 147 crores.

Further, considering the lapse in observance of the regulatory framework, it has been decided, in the case of 35 scheduled commercial banks including 12 foreign banks, to withdraw, until further notice, the exemption given under Section 42(7) of the Reserve Bank of India Act, 1934 from maintenance of 10 per cent incremental cash reserve ratio. Accordingly with effect from the fortnight beginning August, 6, 1994, these banks will be required to maintain 10 per cent incremental cash reserve ratio.

Policy regarding locations of Head quarters of Public and Private Sector Banks

*34. SHRI RAJUBHAI A. PARMAR:

SHRI SUSHILKUMAR SAMHAJIRAO SHINDE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken any policy decision regarding the location of healquarters of Public and Private Sector Banks with specific reference to the investment potential provided by an area; if so, the details in this regard;

(b) whether Government have received any representations from Gujarat Chambers of Commerce or other public representatives or other representative bodies of Gujarat in this regard, especially with reference to the location of the headquarters of the newly set up UTI Bank; if so, what was their precise plea; and

(c) the Government's decision in regard thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASEKHAR MURTHY) (a) The guidelines on the entry of new private sector banks issued by the Reserve Bank of India provide that preference may be given in the matter of grant of licence to banks the headquarters of which are located in a centre which does not have the headquarters of any other bank. No policy decision has been taken regarding location of headquarters of public and private sector banks with specific reference to the investment potential of an area.

(b) and (c) The Government have received representations expressing concern over the fact that though the registered office of UTI Bank Ltd. is situated in Ahmedabad, the administrative office of the bank is in Bombay. It has been suggested in these representations that the administrative office of the bank should be set up either in Ahmedabad or any other suitable place in Gujarat instead of in Bombay.

In this connection, Reserve Bank of India have intimated that the condition stipulated in the 'in principle' approval for location of the registered office of the bank in Ahmedaad has been fulfilled. The location of the administrative office is left to the discretion of the bank concerned.

Replacing sales tax with value added tax (VAT)

*35. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether a meeting of the Finance Ministers of the States was held in Delhi recently to consider unifying the sales tax rates all over and to replace Sales Tax with Value Added Tax; and

(b) if so, the details of matters discussed and the decisions taken thereon as also the action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE